Corporate Responsibility Progress Report

Our journey to sustainability

2010

This is a summary report. We encourage you to explore it online.
To save paper, we’re not printing this year’s report. We encourage you to explore it online.

DELHAIZE GROUP
| Corporate Responsibility Progress Report – 2010

About the report

Reporting year
Unless otherwise stated, all data and activities are for the year 2010.

Scope
This report covers Delhaize Group, including individual operating companies. Unless otherwise stated, data refers to Delhaize Group as a whole. More information on the detailed data scope and methodology can be found here.

Economic performance
This is covered in detail in our annual report.

Report structure and materiality
This report is structured around our Corporate Responsibility (CR) strategy. It covers the most material challenges for our business. More information on materiality can be found here.

Global Reporting Initiative
We use the GRI G3 principles as a basis for determining relevant content and metrics. Against the GRI G3 principles, we self-declare compliance with base level requirements (level C) of the very rigorous GRI system. More information on GRI can be found by clicking here.

Information integrity
Delhaize Group’s management is responsible for all aspects of this report. We believe it is a fair and accurate representation of our CR performance for 2010.

Ernst & Young gave a limited assurance to key carbon emissions indicators. Read the assurance statement here. Delhaize Group’s internal audit department provided limited assurance to 15 additional indicators – click here to view the internal audit statement online.

Forum for the Future statement
Delhaize Group continues to make good progress on a range of CR issues. The Group now needs to build on these solid foundations and be more effective in using its influence with its suppliers, customers, and associates to promote sustainability. We hope that the launch of the new CR strategy in 2011 will provide the platform for a more ambitious sustainability agenda.

Sally Uren, Deputy Chief Executive
Dan Crossley, Principal Sustainability Advisor

Read the full report review statement here.

What more can you find online?
Throughout this report you will find clearly highlighted links to additional information.

Detailed information on the following areas have been extracted from the report, click the links below to access them:

Data summary and methodology
Data assurance statements
CR Governance
Compliance and Ethics
GRI cross-reference table
Glossary
Forum for the Future statement

We welcome your feedback
Please email your comments to corporate-responsibility@delhaizegroup.com

Contents

Delhaize Group in 2010
2 Delhaize Group in 2010
4 Our way of doing business
5 2010 highlights
6 Interview with the CEO and the Chairman
8 The big picture
9 Our material issues
10 Our strategy
12 Progress in 2010

Healthy products
14 Healthy eating
16 Food safety
18 Responsible sourcing

Healthy people
20 Associate health and wellbeing
22 Associate development
24 Community

Healthy planet
26 Climate change
28 Resource use

What can you find in this report?

This is a summary report, providing a concise view of our CR performance over the last year, with clear links to more detailed information for those who want it.

To save paper, we’re not printing this year’s report. We encourage you to explore it online.
Delhaize Group in 2010

About Delhaize Group

Delhaize Group is a Belgian International food retailer with activities in six countries on three continents. Delhaize Group is listed on NYSE Euronext Brussels (ticker symbol: DELB) and the New York Stock Exchange (ticker symbol: DEG).

We have leading positions in food retailing in key markets.

Regional profiles

Click on the logos below to be directed to the relevant page of Delhaize Group’s website with information about our banners.

United States

Belgium

Greece

Rest of the world

2,800 stores of which 76% are company-operated

138,600 associates

EUR 20.8 billion revenues

United States | 58.0%

Belgium | 28.8%

Greece | 8.0%

Rest of the World | 5.2%

United States | 74.8%

Belgium | 12.6%

Greece | 7.3%

Rest of the World | 5.4%

United States | 68.1%

Belgium | 23.0%

Greece | 7.5%

Rest of the World | 1.4%
Our way of doing business

Our vision
Nutritious, healthy, safe, and affordable. Together, we deliver the best of Delhaize for life.

Together, we aspire to enrich the lives of our customers, associates, and the communities we serve in a sustainable way.

Together, we offer assortments, products, and services that are nutritious, healthy and safe, every day, at prices all customers can afford. We are connected with our colleagues across the Group. We learn, we grow talent, and we innovate. We support, we respect, and we inspire each other.

Together, we deliver the best of Delhaize for life.

Our values

We share a common set of values that makes us stronger as a team and as individuals. These values give clear guidance regarding what is expected from everyone across the Group and are key to our success.

Find out more

Click here to see a video about our values

2010 highlights

63% increase in energy generated from on-site solar panels across the Group

Sustainable seafood
Policies launched at Delhaize Belgium and Delhaize America

1st in Greece
To build a state-of-the-art green store (Alfa Beta)

73% of the Group associates participated in one-to-one performance dialogues

Healthier products
Through reformulating nearly 2,000 products at Delhaize Belgium, cutting out tonnes of salt, sugar and fats and through aggressive salt reduction goals at Delhaize America
Interview with the CEO and the Chairman

Q. What were Delhaize Group’s biggest challenges in 2010?

A. In 2010, we faced a difficult business environment. Despite it being a tough year economically in all our markets, we can celebrate a number of achievements, starting with the execution of our New Game Plan, to which CR is an integral part. The New Game Plan was our number one priority, as it set the framework for all our operations. We started the year with a new common vision on the way we want to do business: working together to offer assortments, products and services that are nutritious, healthy and safe, every day, at prices all customers can afford.

The bigger challenge was certainly to implement the transformational initiatives we had planned for Delhaize America. Delhaize America became indeed one integrated company for all our U.S. operations, improving efficiency, lowering costs, and enhancing support to retail operations. We focused on converging and standardizing what is not visible to the customer, while keeping the local go-to-market strategies of each of our banners. This large undertaking involved over 100,000 associates.

Q. Why is CR important to Delhaize Group?

A. CR is largely the expression of who we are and how we want to do business, it is one of the three pillars of our New Game Plan, alongside Growth and Efficiency. It is core to our business. This integrated strategy supports the company’s economic performance while building a more sustainable business. There are three pillars to our CR strategy: Products, People, and Planet. Within this there are six focus areas: Healthy Eating, Food Safety, Responsible Sourcing, Associate Health and Wellbeing, Associate Development and Climate Change. The progress we are making in these six areas across the business makes us a stronger company, from sourcing more responsibly, to building a stronger associate base, reducing operational emissions, and anticipating customer needs.

Q. What are you most proud of Delhaize Group achieving in 2010?

A. In our focus area of Healthy Eating, we made great progress on reformulating products, cutting 45 tonnes of salt and 30 tonnes of fat from our private brand products at Delhaize Belgium. We also set aggressive salt reduction targets for our private brand products in the U.S. when we joined the National Salt Reduction Initiative. In another area of product sourcing, we made great strides in 2010 toward sourcing sustainable seafood across the Group.

Q. How do Delhaize Group’s values affect the way you do business?

A. Our Group Vision and Values are the glue that holds us together.

As a first comment, we want to say how happy we are to see that more and more in our conversations and meetings people naturally refer to our values. In terms of ‘Integrity’, we’re reformulating our products ahead of customer requests to make them healthier. With ‘Courage and Determination’, we’re making the first green store in Greece a key success in 2010, while setting an example for other retailers. Our ‘Humility’ made for frank stakeholder feedback on our strategy and performance, helping us to revamp our CR strategy in 2011. Embracing ‘Humor’, we take pride in the light and positive tone created in our work environment, contributing to more satisfied associates.

Q. How is Delhaize Group balancing its regional and local priorities with Group level strategy?

A. As a global business, how is Delhaize Group balancing its regional and local priorities with Group level strategy?

As a first comment, we want to say how happy we are to see that more and more in our conversations and meetings people naturally refer to our values. In terms of ‘Integrity’, we’re reformulating our products ahead of customer requests to make them healthier. With ‘Courage and Determination’, we’re making the first green store in Greece a key success in 2010, while setting an example for other retailers. Our ‘Humility’ made for frank stakeholder feedback on our strategy and performance, helping us to revamp our CR strategy in 2011. Embracing ‘Humor’, we take pride in the light and positive tone created in our work environment, contributing to more satisfied associates.

Q. What’s in store for 2011?

A. By the end of 2011, we will launch a new, ambitious CR strategy and plan to support our 2020 vision. This comes in response to detailed stakeholder engagement and feedback. Our stakeholders highlighted the need for a broader approach to food security, resource scarcity, and sustainable demand. During 2011, our Leadership College (a selection of 12 senior leaders from across the Group) will prepare this strategy, setting out the route to deliver our long-term vision and push us to the next level.

Ask your question

Find out more
The big picture

Our material issues
Through our materiality process, we translate global trends into business strategy and ultimately action. When developing our current CR strategy, in 2008, our materiality process identified the following issues.

The world around us
Striving to be a successful, sustainable business requires a dedicated appreciation of the environment in which we operate. We are developing our new Group CR strategy through sustainability trends analysis, involving both internal and external stakeholders. In 2010 we have identified five critical trends that affect our business and value chain.

1. Climate change is affecting every stage of our value chain. As a global retailer, we produce almost three million tonnes of CO2 equivalent emissions a year, and influence much more through our supply chain and customers. This leaves us with a clear responsibility to take serious action on climate change. We see it as an opportunity to drive our business forward.

2. Resource scarcity is increasingly impacting our business. With the depletion of natural resources such as water, fossil fuels, and natural ingredients, we need to adapt our business and be proactive in preserving the remaining resources.

3. Food security is deeply connected to the previous two points. Dealing with this trend in a sustainable way is critical to our business. By taking action, we see opportunities to safeguard and strengthen our supply chain.

4. Health across all our markets is a vital element of our responsibility. We know that taking action on ailments and diseases like obesity, diabetes, and malnutrition will benefit our local communities, customers and associates.

5. Changing consumer expectations requires us to be better in every way; from increasing transparency, to developing more sustainable products, and ultimately going beyond traditional lines of responsibility.

Our materiality process
Our process is based on three phases:

1. Understand stakeholders’ concerns through requests and dialogues, peer reporting, and media reviews. Stakeholders include our associates, customers, NGOs, consumer groups, governments, suppliers, local communities, and our competitors.

2. Evaluate the importance to business in terms of risks and opportunities through internal experts and leadership interviews, with a review of existing local projects and priorities.

3. Identify high priority issues and where issues are best managed through the recommendations of internal experts.

Going forward
We are currently developing a new CR strategy based on stakeholder feedback, a refreshed materiality matrix, and a review of our past performance. This will be made public in 2011.

"Delhaize Group has a strategic approach to CR. Moving forward, I would expect more focus by extricating some truly transformational sustainability goals to show greater connectivity between the strategic components.

Dr. Aileen Ionescu-Somers, Director, Centre for Corporate Sustainability Management, IMD Business School (Switzerland)"
Our strategy

Our New Game Plan

In early 2010, our Group-wide business strategy was rolled out to all of our 138,600 associates. It has been designed to help us achieve our vision for Delhaize Group together: nutritious, healthy, safe, and affordable. The plan is built around the three pillars of Growth, Efficiency and Corporate Responsibility.

Overview of Corporate Responsibility

Our CR strategy is oriented around our three pillars; Products, People and Planet. Within this framework, we have identified six Group level focus areas through our materiality process. Alongside these, the responsibility for resource use and community has been devolved down to the operating companies, enabling a more flexible, local approach in keeping with our go-to-market strategy.

Overview of Growth

While there are inherent conflicts between growth and sustainability, we believe growing our business will increase our positive impact. We will strengthen our business by growing our stores, product ranges, and ultimately generating profitable revenue growth. With our private brand products, we have strong influence over sourcing, formulation, design, and packaging.

Overview of Efficiency

We want to improve the efficiency of our business. Through the standardization of systems and processes, as well as the introduction of new customer tools, like self-scanning and social media, we are able to make healthy, nutritious food more affordable. Through efficiency improvements, we’re also cutting costs related to energy use and resource management, freeing up money to invest in new CR initiatives.
## Progress in 2010

The table below gives a snapshot of our goals in each strategic focus area. For details of previous years’ performances, see the relevant CR reports here.

Six additional goals have been approved in 2010. These are highlighted as new goals on the table below and (further) progress will be reported in our 2011 report.

### Key
- New goal
- On track
- Goal met
- Goal missed

### Healthy eating

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target date</th>
<th>2010 Progress</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the nutritional quality of private brand products, including reducing negative elements</td>
<td>Ongoing</td>
<td></td>
<td>Tones of fat, salt and sugar removed and new, healthier products on shelf (see p14)</td>
</tr>
<tr>
<td>Improve health and wellness communications, in the areas of affordability and disease control</td>
<td>Ongoing</td>
<td></td>
<td>All companies continue to run such programs (see p15)</td>
</tr>
<tr>
<td>Apply Guideline Daily Amount (GDA) labels to applicable private brand products at European operating companies</td>
<td>December 2011</td>
<td></td>
<td>60% of European private brand products have GDA labels (see p15)</td>
</tr>
</tbody>
</table>

### Food safety

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target date</th>
<th>2010 Progress</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independently benchmark store’s food safety programs against industry standards</td>
<td>December 2010</td>
<td>✔️</td>
<td>All companies completed benchmarking (see p16)</td>
</tr>
<tr>
<td>Demonstrate continual improvement in food safety against industry benchmarking</td>
<td>December 2012</td>
<td>✔️</td>
<td>Benchmarking insights used to inform program development (see p16)</td>
</tr>
<tr>
<td>Audit all private brand suppliers for food safety compliance</td>
<td>Ongoing</td>
<td>✔️</td>
<td>82% of private brand suppliers audited (see p17)</td>
</tr>
</tbody>
</table>

### Responsible sourcing

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target date</th>
<th>2010 Progress</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Require all private brand suppliers to comply with the Vendor Code of Conduct</td>
<td>December 2010</td>
<td>✔️</td>
<td>95% of private brand suppliers received code (see p18)</td>
</tr>
<tr>
<td>Conduct audits for private brand suppliers against the Vendor Code of Conduct</td>
<td>Ongoing</td>
<td></td>
<td>Goal set to ensure code compliance (see p18)</td>
</tr>
<tr>
<td>Require identified vendors to participate in capacity-building workshops on the Vendor Code of Conduct</td>
<td>Ongoing</td>
<td></td>
<td>Goal set to ensure code compliance (see p18)</td>
</tr>
<tr>
<td>Develop operating company-specific Sustainable Seafood policies and implementation plans toward Delhaize Group’s Sustainable Seafood Vision</td>
<td>December 2011</td>
<td>✔️</td>
<td>Vision created, policies and plans in process (see p19)</td>
</tr>
</tbody>
</table>

### Associate health and wellbeing

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target date</th>
<th>2010 Progress</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use customer-facing nutritional programs to augment associate health and wellbeing programs</td>
<td>December 2010</td>
<td>✔️</td>
<td>A range of suitable programs were adapted for associates (see p20)</td>
</tr>
<tr>
<td>Collaborate with community partners at each operating company to leverage associate health and wellbeing programs and educational resources</td>
<td>Ongoing</td>
<td></td>
<td>All companies have community partnerships in place (see p20)</td>
</tr>
</tbody>
</table>

### Associate development

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target date</th>
<th>2010 Progress</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure all associates have an annual documented performance dialogue</td>
<td>December 2011</td>
<td>✔️</td>
<td>73% of associates have annual performance dialogues (see p22)</td>
</tr>
</tbody>
</table>

### Climate change

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target date</th>
<th>2010 Progress</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 20% reduction in CO₂ equivalent emissions per m² of sales area (against 2008 baseline year)</td>
<td>2020</td>
<td>✔️</td>
<td>0.6% reduction since 2008 (see p27)</td>
</tr>
<tr>
<td>Switch refrigerants from ozone-depleting substances (ODS) such as CFCs and HCFCs to ozone-friendly HFCs or other refrigerants throughout the Group, while minimizing Global Warming Potential (GWP)</td>
<td>Ongoing</td>
<td></td>
<td>42% of total refrigerants are now switched to ozone friendly substances (see p27)</td>
</tr>
</tbody>
</table>
Healthy eating

Our products play a big role in healthy living. This year, we've responded to increasing obesity and diet-related diseases and growing demand for more nutritious, healthier products in two ways.

Firstly, by changing what we sell - we've made great progress reformulating our private brand products to make them healthier, without compromising taste or quality. These represent more than 50% of our revenues in Belgium and more than 26% in the U.S. and are approximately 15% to 20% cheaper than national brand equivalents.

Secondly, through communication – we’ve expanded existing programs and harnessed new technology to make healthier choices easier for our customers.

Local execution means our operating companies can adjust their messaging, on products and in general, to meet local cultures and needs.

Risks:
- Customer preconceptions of healthier products being expensive, less tasty and taking longer to prepare
- Competition with products that appear healthy, but that don’t meet our healthy eating standards

Opportunities:
- Leading the industry through our private brand nutrition standards
- Raising awareness about healthy eating and becoming a trusted source of advice for our customers
- Meeting our customers’ demands for healthier choices

What are we doing about it?

Reformulating our private brand products

Reducing negative impacts

In 2010, Delhaize Belgium reviewed 1,916 private brand products, making significant progress on reducing negative impacts. Delhaize America joined the National Salt Reduction Initiative to get best practice support to speed up its activity in the U.S. and Belgium, we make sure all our private brand products are as good, if not better nutritionally, than national brand equivalents. Our operating companies have made efforts to eliminate trans-fat and reduce other negative impacts from private brand products:

- 99% trans-fat free private brand products at Delhaize America
- 100 private brand products 100% trans-fat free at Alfa Beta
- 100% trans-fat free private brand products at Delhaize Belgium
- Cereals have 90% less sugar and 75% less fat than similar national brands at Delhaize Belgium

Engaging consumers

In 2010, all our companies continued investing in health communications, taking their own approaches.

Alfa Beta’s four-year healthy eating campaign based on the Mediterranean diet is a great example. Alfa Beta has been ranked in the Awareness and Social Behavior Index (ASBI) as “number one” in consumer perception against local competitors. See our 2010 insight for other great examples of on and offline engagement.

Guiding Stars as a tool

In the U.S., we use our Guiding Stars nutritional information system to give an at-a-glance read-out of how each product, both private brand and national brand, scores in terms of nutritional value. Foods with one Guiding Star offer good nutritional value per calorie, two better and three best. Click here to find out more on Guiding Stars.

Percentage of total U.S. food sales from products with at least one Guiding Star

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales with one star</td>
<td>23%</td>
<td>25%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Increase in sales of products on-shelf with at least one star compared to 2009

Increase in sales of private brand products with at least one star compared to 2009

4% 6%

Providing clear labels

Apply Guideline Daily Amount (GDA) labels to applicable private brand products of European operating companies - December 2011

On track

Providing clear information is a key part of promoting healthy eating, because it enables better consumer choices. In the U.S., we use Guiding Stars. In Europe, because of the different legislative environment, we use GDA labels. These labels show the energy and nutrient content of a portion of food or beverage, and how much of an adult’s daily dietary needs this represents. In 2010, we made significant progress toward our goal: 60% of European private brand products have GDA labels, up from 6% in 2008.

How to engage the disengaged?
The biggest challenge for Delhaize Group lies in the area where change is driven primarily by consumer choices – this will require more innovative thinking and new approaches that go beyond labeling.

Ned Groth, expert on food safety, advisor to WHO and FAO, former consumer advocate for Consumers Union (United States)

2010 Insight

Engaging consumers through food labeling

Find out why this is both a challenge and opportunity for us and what we’re doing about it.

Find out more

Click here for our data summary and methodology
Food safety

Many companies don’t report on food safety. We believe food safety is a fundamental business risk and our best-in-class approach reflects this. We want to help our stakeholders understand the issues and how we’re moving them forward.

We go beyond regulation across the value chain to ensure we deliver the safest products. We also educate customers on safe food handling, going beyond our direct responsibility. In 2010, we’ve made significant progress in ensuring our private brand suppliers are audited against the Global Food Safety Initiative (GFSI) standard.

**RISKS:**
- Impact on reputation and sales from food safety outbreaks
- Disruption to business operations
- Small scale suppliers face difficulties meeting stringent food safety standards

**OPPORTUNITIES:**
- Increasing loyalty by building consumer confidence in our products’ safety
- Building supplier capacity to help suppliers achieve best-in-class standards
- Helping customers use food more safely

**What are we doing about it?**

**Benchmarking progress**

**Goal**
- Independently benchmark store’s food safety programs against industry standards - December 2010
  - Goal met

**Goal**
- Demonstrate continual improvement in food safety against industry benchmarking - December 2012
  - New Goal

In 2010 we completed a benchmarking of our companies’ food safety performance against industry standards. This, together with a best practice exchange, has driven Group-wide progress to date. Super Indo is a good example. Based on the benchmarking results, Super Indo is improving its recall system to reduce time taken to remove unsafe products from the shelf. The new goal ensures that each operating company will benchmark its performance by the end of 2012, enabling Group-wide monitoring and evaluation.

**Procurement**

**Goal**
- Audit all private brand suppliers for food safety compliance - ongoing
  - On track

Specifying the highest food safety requirements when procuring our private brands makes a big difference in managing their safety. These products make up more than 50% of our revenues in Belgium and more than 26% in the U.S. 82% of our suppliers’ production sites (for the Group) have now been audited to assure that food safety systems are in place and maintained. This makes us among “best-in-class” companies for our industry, and we’re proud of our work here.

Private brand suppliers audited against GFSI standards or equivalent strict criteria

![](chart.png)

That said, we struggled to certify 100% of our suppliers to GFSI standards. We initially planned to have completed certification by December 2010, but it is now an ongoing target. The main reasons for the delay in 100% certification are the lack of GFSI framework in some countries and the high costs of certification for small businesses. We will therefore continue to work towards the 100% goal over time. See our 2010 insight for more detail on how we manage food safety risks in procurement.

Beyond auditing, we’re doing a great deal across the Group. Delhaize Belgium is training buyers on food safety. Hannaford is helping local growers prepare to meet the GFSI standards. Procurement is the equivalent strict criteria for private brand suppliers and run training first. Only when these are in place can audits be conducted.

**In stores**

In 2010, 96% of our stores had external food safety audits conducted, up from 92% in 2008. We were on track to reach close to 100%, but largely due to store acquisitions completed late in 2010 we did not achieve this milestone. For new acquisitions, we need to establish the systems and run training first. Only when these are in place can audits be conducted.

Food safety is paramount in every store. While we don’t own affiliated stores (most of which are in Belgium) we work closely with them on food safety. To ensure product safety in all locations, we provide our affiliates with implementation support and free third-party audits.

In the stores, we’re constantly improving our product recall system, which reduces the time needed to remove recalled products from the shelf. We also provide food safety tips to consumers. Click here to see more.

**Distribution centers and logistics**

Transport conditions are a fundamental part of food safety. We go beyond legal compliance in all our markets. For example, Delhaize America’s food safety teams audit the company distribution centers over and above FDA and USDA audits and their standards.

Delhaize Belgium is also going beyond legal requirements by certifying the auto control system in all company operated warehouses. This work started in 2010.

**2010 Insight**

Managing risks through a Group-wide approach to food safety

Food safety is a challenge in Romania and Indonesia. Find out how we tackle this.

Find out more

Click here for our data summary and methodology
With increasing resource prices, serious seafood stock concerns, and local suppliers threatened by economic conditions, security of supply is a vital area of action. We’re taking immediate, practical steps to source better today, and into the long term.

We’ve made good progress on social compliance with the Business Social Compliance Initiative (BSCI). We’re working together with partners like the Roundtable on Sustainable Palm Oil (RSPO) and the Consumer Goods Forum (CGF), moving forward faster than we’d do on our own. These organizations, we’ll be doing more work on biodiversity and deforestation in 2012. Click here to learn more about our partnerships.

### RISKS:
- Poor supplier performance on CR issues, particularly on private brand products
- Not accurately weighing the environmental and social benefits and consequences of sourcing decisions
- Long-term risks to food security from sourcing decisions made today

### OPPORTUNITIES:
- Differentiation by supplying sustainable and nutritious private brand products
- Securing supply and habitats for long-term investment and supply
- Driving best practice to improve efficiencies and fair pricing in our supply chain

### What are we doing about it?

#### Social compliance

**Goal**
- Require all private brand suppliers to comply with the Vendor Code of Conduct - December 2010
  - Goal missed
- Conduct audits for private brand suppliers against the Vendor Code of Conduct - ongoing
  - New goal
- Require identified vendors to participate in capacity-building workshops on the Vendor Code of Conduct - ongoing
  - New goal

Since we joined the BSCI in 2009, we’ve focused on educating our buyers and suppliers on the Vendor Code of Conduct. We communicated the code to 95% of our private brand suppliers for review and endorsement. We’re building on this foundation by working with local suppliers to improve their practices.

We’ve made great progress with Delhaize Belgium and Delhaize America, who are responsible for 90% of our revenues. Delhaize Belgium developed a sourcing policy for sustainable fresh fish in partnership with WWF and Stichting De Noordzee. To help customers make better choices, we created a fish buying guide and have adjusted sourcing practices to purchase less from “red list” fisheries. Click here to see the guide. The goal is to have 100% of our seafood sustainably sourced by the end of 2012.

Delhaize America, with the Gulf of Maine Research Institute (GMRI), created a comprehensive sustainable seafood policy, mapped private and national brand suppliers and developed a traceability system for all seafood - fresh, frozen, and canned. The policy, fully enforced as of March 2011, will ensure 100% of seafood in our U.S. stores will be sustainably sourced by the second quarter of 2012.

### Sustainable seafood

**Goal**
- Develop operating company-specific Sustainable Seafood policies and implementation plans toward Delhaize Group’s Sustainable Seafood Vision - December 2011
  - New goal

We want all the seafood we source to be sustainable. Together with our partners we’ll be setting specific strategies for each operating company in 2011. We have already made great progress with Delhaize Belgium and Delhaize America, who are responsible for 90% of our revenues.

In Greece, Alfa Beta recently launched the “AB Terra Leaf” range for detergents, tissue paper, cosmetics and garbage bags that are either eco-friendly or FSC compliant.

Delhaize Group has made good progress in responsible sourcing. Looking at the full value chain, however, I would expect Delhaize Group to focus more on areas of big impact. Upstream in terms of sustainable agriculture and sensitive commodities and downstream in terms of consumer consumption and waste. In my view, a good responsible retailer can make a big difference without shifting the burden. I expect Delhaize Group to focus more on this in the coming years.

#### More sustainable products

**Organic**

Group sales have increased slightly in 2010 leading to a ratio of 1.8% of food sales derived from organic products.

**Fair-trade**

In 2010 we added 39 more fair-trade products to our shelves across the Group. We now sell approximately 200 different fair-trade products worldwide.

**Eco-products**

A number of our operating companies are developing environmentally-friendly product lines.

In Belgium, the range consists of 25 products, which are at least 15% less expensive than equivalent national brands. Since 2009, we’ve seen a 40% increase in sales of Eco private brand products.

In Greece, Alfa Beta recently launched the “AB Terra Leaf” range for detergents, tissue paper, cosmetics and garbage bags that are either eco-friendly or FSC compliant.

### 2010 Insight

**The impact of local sourcing**

Purchasing locally is key to our sourcing strategy. We’ve done a lot in this area and have seen real benefit for local economies and communities around the world.

Find out more

Click here for our data summary and methodology, the awards we won and our responsible sourcing policies.
Associate health and wellbeing

Retail is a labor-intensive business. Our associates are critical to our business success. We have a responsibility to create a safe and healthy work environment. And we try to go beyond this. Our programs cover our associates, their families, our customers, and our communities.

In 2010, we managed to slightly reduce our accident severity rate and had more associates participating in our health programs. We tested a Return on Investment (ROI) model for associate health and wellbeing programs to help us focus them better. While we weren’t able to develop one global model, we are using elements from what we learned across our banners to evaluate program success. See our 2010 insight.

Our operating companies use customer-facing nutritional programs with great success. Delhaize America launched a series of Guiding Stars education programs to better inform associates, whether they are based in offices, warehouses, or stores.

Key partnerships with local health organizations were successful across our companies, including:

- At Alfa Beta through campaigns and special prices in diagnostic centers
- At Mega Image and at Hannaford through workplace exercising, meetings with nutritionists and walking programs

Measuring our programs’ impact is a challenge, as explained above and in more detail in our 2010 insight. Program participation rates are one way we gauge impact. In Delhaize America, there was a 7% increase in the number of health plan members receiving preventive care compared to 2009. We don’t just focus on physical health, but mental and social health too. At Alfa Beta 160 associates have taken advantage of the presence of an on-site social worker.

Occupational Health & Safety

We track standard Occupational Health and Safety indicators across our Group. Our Group days lost per 1,000 hours are down slightly from 2008 to 0.24 in 2010. We’re continually improving this by updating our instructions and training. Consolidating our U.S. operations has allowed us to create a common scorecard for all distribution and transportation operations.

In the past, I never had preventive medicine on my agenda. It wasn’t even an issue for me or my family. I never knew how beneficial it was. Thanks to Alfa Beta’s health prevention campaign, it’s so easy, quick, and cheap, everyone can participate!

Voula Georgouli
Cashier at Alfa Beta Menidi

2010 Insight

Measuring wellbeing ROI
Measuring program impact is a challenge. Find out how we’re doing this.

Find out more

Click here for our data summary and methodology and the awards we won
Investing in our associates is an investment in our business. In our industry, which traditionally has high turnover rates, we have a responsibility to develop the talents of our associates. By strengthening our Group’s culture through training and development, we can deliver better service in more sustainable ways.

In 2010, we rolled out our Group-wide vision and values and our New Game Plan business strategy. We also integrated our U.S. operations to create Delhaize America. Against this background of change, we developed a series of successful training and associate engagement programs. Across the Group, we continued to increase the percentage of associates that participated in one-to-one performance dialogues. However, there was a dip in our retention rate, which is something we’re monitoring.

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RISKS:
• Loosing and not attracting talent
• Higher, costly turnover rates
• A workforce that doesn’t reflect the local communities

OPPORTUNITIES:
• Training associates to be strong brand ambassadors
• Business continuation and stability by retaining associates
• Reducing costs from turnover rates

What are we doing about it?

Developing a Group-wide strategy

In 2009, the Leadership College (a committee of senior executives from across the Group) recommended we define a Group-wide strategy for associate development. In 2010, our HR leaders developed the strategy, covering five key areas.

Performance dialogues

Percentage of associates with an annual documented performance dialogue

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>63%</td>
</tr>
<tr>
<td>2009</td>
<td>67%</td>
</tr>
<tr>
<td>2010</td>
<td>73%</td>
</tr>
</tbody>
</table>

We’re steadily increasing the percentage of associates that participate in one-to-one annual performance dialogues. We aim to reach 100% by the end of 2011. To do this a common framework for performance dialogues has been developed, integrating Group values and strengthening the process.

Associate development and training

Measuring training ROI

Assessing the Return On Investment (ROI) helps us provide better training. We’re creating a Group-wide associate development index to give us a consistent way of making this assessment. In the meantime, we use a series of performance indicators, including outcome measures like retention rate and input measures like training, to measure our progress.

Attracting and retaining talent

Between 2009 and 2010, our retention rate fell slightly from 74% to 73%. This is a small shift, but one we will monitor closely. We believe though, the figure still represents good performance in our industry.

Our operating companies successfully run Retail Management Trainee programs. To develop talent faster, we launched our Delhaize Group International Graduate Trainee program in 2010. Selected graduates do three six-month placements in different markets and departments to put them on a leadership path. Click here for more on the Graduate Trainee program.

Training and skills development

In 2010, we increased the number of associates receiving training at all operating companies. The exception was Hannaford that had trained all associates in 2009 as part of a company-wide strategy program.

I am very encouraged with the progress that Delhaize Group made in 2010 regarding both the quality and quantity of performance dialogues. This is evident in our improved performance from a 67 to 73% completion rate. In 2011, we will introduce the process to all remaining Delhaize Group associates as we aggressively move toward our goal of ensuring all eligible associates receive a performance partnership dialogue for their efforts in 2011.

Mike Vail, President/Chief Operating Officer, Sweetbay Supermarket, mandated for the performance dialogue process at Group level

2010 Insight

Communicating vision, values and strategy to 138,600 associates
Find out how we reached out to nearly every associate across the Group.

Find out more

Click here for our data summary and methodology and the awards we won.
Community

We are an integral part of the communities we operate in. Building healthy, prosperous communities, customers, and associates is key to our success. Supporting our local communities builds associate pride and makes our business a valued community member.

We provide support to our communities at a local level by doing what we do best. As an employer and food retailer, we boost local economies by hiring local associates, promoting local producers, and volunteering our time. As a food operator, we focus our community programs around health and nutrition and supporting people in need with food donations.

In 2010, our operating companies have responded to two key challenges: the growing financial pressures, and the devastation from natural disasters like the Mentawai tsunami and the Merapi volcano eruption in Indonesia.

RISKS:
- Failing to respond to community needs
- Missing opportunities to grow local markets
- Negatively impacting customer trust and sales

OPPORTUNITIES:
- Building future markets by supporting potential customers
- Better local partnerships that help us donate more of the food we don’t sell
- Connecting and supporting our associates with local community projects

What are we doing about it?

Affecting the local economy

We employ 138,600 associates, the majority of whom live close to work. By employing local people, promoting local products, and building partnerships with local suppliers, we can boost the local economies in which we operate and live. Details can be found in our 2010 insight on local sourcing here.

Food donations

In addition to supporting food fundraising through the store networks, our banners donate food directly to local foodbanks. During 2010, these direct food donations provided approximately 202,000 meals in Belgium and 34.5 million meals in the U.S. See our 2010 insight here.

Over 2010, Indonesia suffered a number of natural disasters, including the Merapi volcano eruption and the Mentawai tsunami. These events killed hundreds and made hundreds of thousands homeless. Super Indo contributed relief funds to help victims, donated basic need products to two refugee camps, and held a customer donation campaign, raising EUR 42,000 for a local non-profit organization.

Our Group approach is to favor in-kind over cash donations. In 2010, we donated the equivalent of 0.5% of our pre-tax profit in cash – slightly down from 0.6% in 2009. The majority of these go towards healthy eating education for children in partnership with schools or local organizations. The Delhaize Group Fund also donates approximately EUR 150,000 each year to support organizations that foster local integration. Click here to learn more about the Delhaize Group Fund.

Cash donations

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2010 Insight

Responding to local needs
In very difficult economic times, the demand for support from our communities has increased. Delhaize America has risen to help meet the needs of people affected.

Find out more
Click here for our data summary and methodology and the awards we won.
Climate change

We have a role to play in tackling climate change. Our approach requires us to cut the impacts of our operations, and engage our suppliers and consumers to cut theirs. Our primary focus is on our operational emissions where we've set a Group goal to reduce our carbon equivalent emissions (CO$_2$e) by 20% per sales square meter by 2020.

We've worked hard to reduce energy consumption, but this has been offset by increases in refrigerant emissions. As we replace ozone-depleting refrigerants, we're forced to use the available alternatives, which contain potent greenhouse gases. See our 2010 insight for more details.

Our Group absolute emissions are up 2.8% from 2009 to 2.894 637 tonnes CO$_2$ equivalent (CO$_2$e). This is a 0.8% increase per sales square meter from 2009, and a 0.6% decrease from 2008. Our new CR strategy, to be released later in 2011, will take a broader approach, addressing impacts throughout our value chain.

Reducing emissions

<table>
<thead>
<tr>
<th>Goal</th>
<th>Group 20% reduction in CO$_2$ equivalent emissions per m$^2$ of sales area (against 2008 baseline year) - 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Goal</td>
<td></td>
</tr>
<tr>
<td>CO$_2$ equivalent emissions per m$^2$ sales, tonnes CO$_2$e/m$^2$</td>
<td>0.633</td>
</tr>
</tbody>
</table>

2008 | 2009 | 2010

Building more efficient facilities

We continue to push innovations in green buildings, by remodeling existing stores and building new ones. In 2010, we opened Greece's first green store, which incorporates a full suite of innovative technologies. Click here to see more on Alfa Beta’s green store. We have five green stores worldwide and our 1 000 Energy Star certified stores in the U.S. represent 58% of all stores certificates given in the U.S. Lessons from these projects are being incorporated into our prototype and remodelled plans across the Group.

Renewables

2010 saw a huge increase in energy generated by on-site solar panels, up 62.7% from 2009 levels to 1 013 MWh, largely driven by expansion of solar power in Belgium. However, the Group saw a decrease of 9.4% of total electricity from renewables compared to 2009. This is due to a fall in the purchase of green electricity credits, mirroring an overall decrease in electricity consumed in Belgium. Since 2007, Delhaize Belgium has received all its electricity from a renewable energy supplier.

Transport efficiency

We're proud that even with increasing sales, Group-wide we've cut transport kilometers by 1.5% compared to 2009. Hannaford has delivered very good results, cutting fuel use by 9%, saving the equivalent of 137 000 gallons of fuel or USD 731 000.

OPPORTUNITIES:

- Securing supply
- Reducing energy costs through efficiencies and self-generation
- Driving the growing energy efficiency and low carbon markets in our sector

RISKS:

- More extreme weather leading to uncertain supply and demand of products
- Increased costs from legislation, taxation on fossil fuels and rising prices
- Reputational risk of being seen as a laggard

What are we doing about it?

Measuring emissions

Since 2008, we’ve worked with Environmental Resources Management (ERM) to measure our Greenhouse Gas (GHG) emissions from global operations. In 2010, we employed Ernst & Young to provide external data assurance. Click here to see the assurance statement. We also submitted our first report to the Carbon Disclosure Project. Click here to see the report.

Energy efficiency

In 2010, we achieved a 1.4% reduction from 2009 in Group-wide energy consumption per square meter of sales area, down to 813 kWh/m$^2$. Key activities here include putting doors on refrigerated cases and upgrading to LED lights, led by an aggressive program at Sweetbay.

Doing this saved Sweetbay USD 3.12 million and Food Lion USD 1.84 million in 2010. Delhaize Belgium saved almost EUR 2 million in 2010 by reducing electricity consumption by 8.7% compared to 2009.

2020 Insight

Managing refrigerant emissions

Moving to ozone-friendly refrigerants is complex and challenging. This is why our Group emissions have increased. Find out more about the challenges and what we are doing.
Resource use

As a retailer, we have a significant impact on resources through the raw materials and water we use and the food and packaging we throw away. The more efficiently we manage these resources, the better for the environment and for our bottom line.

We can tackle resource use at several stages of the value chain, from our own operations to the way resources are used by our suppliers and consumers.

RISKS:
- Increase in expectations for retailers to deal with waste and water use
- Waste handling practices compromising food safety
- Compromising attractive marketing or branding on packaging
- Decreasing availability of raw materials needed for our business

OPPORTUNITIES:
- Reducing costs and generating new income streams
- Raising customer awareness of resource use and recycling
- Resource conservation innovations that can show an example to the industry

What are we doing about it?

Operational waste management

We’re making incremental improvements in operational waste management across the Group. We continue to improve plastic and cardboard recycling programs and are expanding them to include new materials.

<table>
<thead>
<tr>
<th>52%</th>
<th>29 tonnes of packaging waste cut at Delhaize Belgium by the end of 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 tonnes</td>
<td>100% of Delhaize Belgium private brand liquid washing products are now concentrated, leading to reduced packaging</td>
</tr>
<tr>
<td>-29 tonnes</td>
<td>USD 700 000 estimated savings for Delhaize America through packaging reductions in 2010</td>
</tr>
</tbody>
</table>

More sustainable packaging

In 2010, Delhaize Belgium developed a private brand sustainable packaging strategy. It sets goals to eliminate PVC, reduce overall packaging weight, and use more recycled-content and plant-based materials. Product innovation is also contributing.

Hannaford’s composting of store food waste with local farmers shows how our localized approach to food waste has inspired innovation and leadership across the value chain. See our 2010 insight for details.

Overall in 2010, we’ve seen a decline in waste and an increase in recycling, but we know our performance could be better. Next year, we will set an ambitious waste reduction target that will form part of our new CR strategy.

Water management

Despite water use in our direct operations being relatively low, Delhaize Belgium, Alfa Beta, Food Lion and Sweetbay have installed water recycling and rainwater harvesting systems. We continue to test these technologies for future applications in our facilities.

Through our experience with green stores, we’re installing new low-flow water fixtures in stores, harvesting rainwater for non-potable uses, and adjusting operations to reduce water usage, such as using drought-resistant plants that require little to no irrigation.

We acknowledge that our biggest water impact is in the supply chain, something we will address in our upcoming CR strategy.

Delhaize Belgium regularly asks our input on the environmental aspect of different types of packaging. We are quite impressed by Delhaize Belgium’s continual search for the best product-packaging combination, always with the view of reducing the environmental impact. The company supported Fost Plus since its launch in 1994 and always continued to do so ever since.

“William Vermeir, Managing Director Fost Plus

2010 Insight

“Tackling food waste
Find out more about how we prevent, divert and convert food waste.

Find out more

Click here for our data summary and methodology and the awards we won.
Together, we deliver the best of Delhaize for life.

This is a summary report, providing a concise view of our CR performance over the last year, with clear links to more detailed information for those that want it.

Caution Concerning Forward-looking Statements

All statements that are included or incorporated by reference in this Corporate Responsibility Progress Report or that are otherwise attributable to Delhaize Group or persons acting on behalf of Delhaize Group, other than statements of historical fact, which address activities, events or developments that Delhaize Group expects or anticipates will or may occur in the future, including, without limitation, statements regarding programs to achieve goals for key performance indicators, meeting goals for key performance indicators, the expected benefits of achieving goals for key performance indicators, consumer demand for particular types of products or practices, future capital expenditures, efforts to control or reduce costs, improve buying practices and control shrink, contingent liabilities, future consumer spending, expected competition, and business strategy, are "forward-looking statements" within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties. These forward-looking statements generally can be identified as statements that include phrases such as "believe," "project," "target," "predict," "estimate," "forecast," "strategy," "may," "goal," "expect," "anticipated," "intend," "plan," "foresee," "likely," "will," "should" or other similar words or phrases. Although Delhaize Group believes such statements are based on reasonable assumptions, actual outcomes and results may differ materially from those projected. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Important factors that could cause actual results to differ materially from expectations of Delhaize Group, include but are not limited to, those factors described in this Report and in the Annual Report in the chapter entitled 'Risk factors' on p67 under Item 3 under Part I of Delhaize Group’s Annual Report on Form 20-F for the fiscal year ended December 31, 2009, filed with the U.S. Securities and Exchange Commission on June 28, 2010. Delhaize Group undertakes no obligation to update forward-looking statements, whether as a result of new information, future developments or otherwise, and disclaims any obligation to do so.